



# Department of Justice

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Eastern District of California

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Docket #: CR-F-08-00249 AWI

## **CLOVIS BUSINESSMAN PLEADS GUILTY TO FEDERAL TAX FRAUD CHARGES**

FRESNO – United States Attorney McGregor W. Scott announced today that MICHAEL RAY GORDEN, 40, of Clovis, California, pleaded guilty on September 8, 2008 to one felony count of conspiring to defraud the United States, and two felony counts of making and subscribing to false tax returns. GORDEN is the president and sole shareholder of Mike Gorden Software Solutions, Inc. (“MGSS”), a California corporation. The guilty plea was entered before Chief United States District Judge Anthony W. Ishii.

This case is the product of an extensive investigation by the Internal Revenue Service (“IRS”), Criminal Investigation Division.

According to Assistant United States Attorneys Kirk Sherriff and Sheila Oberto, who prosecuted the case, between 2001 and 2005 GORDEN conspired to defraud the United States by (1) causing MGSS to pay at least \$339,792 of GORDEN’s personal expenses with corporate funds of MGSS, and then falsely concealing the true nature of such expenses and causing them to be deducted as business expenses on MGSS’s U.S. Corporation Income Tax Returns (Form 1120s) for MGSS’s tax years ending June 2002, June 2003, and June 2004; and (2) failing to disclose at least \$266,454 in disguised personal income that was intentionally omitted from the income reported on GORDEN’s U.S. Individual Income Tax Returns (Form 1040s) for the 2001 through 2004 tax years. In his guilty plea, GORDEN admitted that he thereby caused

MGSS's corporate income tax for the corporate tax years ending June 2002, June 2003, and June 2004 to be under-reported by at least \$93,770, and that he caused his individual income tax for the 2001-2004 tax years to be under-reported by at least \$117,525.

In the plea agreement, GORDEN agreed to pay restitution to the United States in the amount of \$211,295, and also agreed to pay all additional taxes, penalties, and interest due and owing based on the IRS's civil audit of his tax returns for the 2001 through 2004 tax years. Prior to the entry of his guilty plea, GORDEN made payments of approximately \$570,893 to the IRS toward both his restitution obligation and his civil liabilities.

The defendant is scheduled to be sentenced by Chief Judge Ishii on November 21, 2008, at 10:00 a.m. On the conspiracy count, GORDEN faces a maximum statutory penalty of up to five years imprisonment. The maximum penalty on each of the two counts of making and subscribing a false tax return is three years imprisonment. However, the actual sentence will be determined at the discretion of the Court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

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